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.brand RISKS & REWARDS By Frederick Felman

New top domains plan could cost owners millions of dollars in annual fees and licenses

The move by ICANN, the global body that oversees the Internet, to allow a new type of top-level domain opens new opportunities to marketers. In addition to such domains as .com or .biz, a company could use a top-level domain that matches its brand, a “.brand.” ¶ The branding opportunities that a .brand can offer are almost limitless, and the marketing flexibility is equally broad. Web surfers and search engines could find your .brand more easily, increasing qualified traffic and improving ROI. You’ll be able to extend opportunities to partners, dealers and affiliates—and even user and fan communities.

But the risks likewise are many. During the application process, there’s the problem of multiple organizations having the right to the same .brand. Who is to say that a maker of construction components or a famous rock band has the greater right to the domain .doors?

And unfortunately, the new domain names may open new opportunities for brand abuse online as well. Brand defenders will have a whole new collection of rocks to look under.

And then there’s the cost. Some estimates put the application and launch cost for simple domains at \$500,000—and at almost \$350,000 per year to operate. More complex domains could run into the millions of dollars in annual costs just in fees and licenses.

There’s also a risk in not moving fast enough. ICANN will be assigning these .brands on a first-come, first-served basis. You could wake up on the day after the application deadline and find that

your brand or product category is on someone else’s domain. Try explaining that to your board of directors.

Because of the potential risks and the potential value, companies should consider how to respond to the ICANN plan immediately. Some elements of a good basic plan include evaluating if your company can take advantage of the marketing benefits of a new .brand and weighing those benefits against the application and operation costs.

While there are questions about parts of ICANN’s plan to allow this vast expansion of top-level domains (including whether it will actually come to pass in 2009 as planned), one thing is certain: You cannot decide to wait and see. Because of the risks and opportunities that the ICANN plan brings, your brands will certainly be affected, whether you apply for your own .brand or not.

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